



# Lagardère

## PRESS RELEASE

**LAGARDERE SCA 2006 FULL-YEAR CONSOLIDATED REVENUES UP 7.6%  
MEDIA DIVISION REVENUES UP 2.4% ON A REPORTED BASIS  
AND 0.9% ON A LIKE-FOR-LIKE BASIS <sup>(\*)</sup>**

2006 full-year Media Division reported revenues were up 2.4%, helped by the consolidation of Time Warner Book Group, which had a positive impact of €336m (sales for the final three quarters of 2006). Conversely, the sale of Dalloz reduced full-year revenues by €43m.

On a like-for-like basis <sup>(\*)</sup>, Media Division revenues advanced by 0.9% year-on-year, in line with the growth figure for the first nine months of the year (1.0% on a like-for-like basis).

Fourth-quarter highlights are:

- **Books** – Quarter in line with expectations, with Literature sales down in France relative to an exceptional final quarter in 2005. Larousse (France) and Octopus (UK) have both refocused their editorial programs on the most profitable segments. Fine quarter for Education in France, and for our operations in the UK, Spain and the USA.
- **Press** – Further fall, in line with the third-quarter trend.
- **Distribution Services** – Market in line with third-quarter trends. Growth still limited in Spain (new legislation on tobacco sales) and Belgium (weak performance in press distribution). On the upside, strong growth for Aelia (airports), and in Eastern Europe and Asia.
- **Audiovisual** – Good quarter thanks to fine performances from RFM and Europe 1, radios in Eastern Europe, and theme channels.

LAGARDERE SCA consolidated revenues, including EADS (up 15.5%), advanced by 7.6% for the year as a whole to €13,998.9m.

	Revenues (€m)		Year-on-year growth (reported)	Year-on-year growth (restated, like-for-like) <sup>(*)</sup>
	Year ended Dec 31, 2006	Year ended Dec 31, 2005		
<b>. MEDIA DIVISION</b>	<b>8,091.8</b>	<b>7,900.6</b>	<b>2.4%</b>	<b>0.9%</b>
- Books	1,974.8	1,644.2	20.1%	1.8%
- Press	1,848.1	1,862.5	(0.8)%	(1.2)%
- Distribution Services	3,679.0	3,773.2	(2.5)%	1.9%
- Audiovisual	589.9	620.7	(5.0)%	(0.9)%
<b>. EADS</b>	<b>5,907.1</b>	<b>5,112.6</b>	<b>15.5</b>	<b>N/A</b>
<b>LAGARDERE SCA</b>	<b>13,998.9</b>	<b>13,013.2</b>	<b>7.6</b>	<b>N/A</b>

<sup>(\*)</sup> excluding changes in Group structure and the effect of exchange rates, including proforma restatement of 2005 figures for HDS

N/A: not available

## **MEDIA DIVISION**

The Media Division posted full-year like-for-like growth of 0.9%. Excluding exchange rate effects, growth would have been 0.7%.

- **Hachette Livre**

The American publisher Time Warner Book Group, consolidated from April 1, 2006, contributed €336m to the Hachette Livre top line. Conversely, the deconsolidation of Dalloz had a negative effect of €43m on sales relative to 2005.

At 1.8%, like-for-like revenue growth was lower for the full year than for the 9 months to end September (2.6%).

This slowdown was mainly due to rationalization of the least profitable editorial lines at Larousse (France and International) and Octopus (UK). In both cases, the short-term dip in sales should be followed by improved profitability for the division in the future.

Larousse is set to introduce new collections for early 2008.

Other highlights of the final quarter of 2006 were:

- Strong growth for Education in France.
- Very robust performance from Anaya (Spain), underpinned by Education.
- Further strong growth at Hodder Headline in the UK.
- Weak performance by Literature in France (though the decline was less marked than in the third quarter), the 2005 comparative having been boosted by numerous literary prizes.
- Slight dip in part-works, due to the timing of launches.

- **Hachette Filipacchi Médias**

Hachette Filipacchi Médias reported a like-for-like decline of 1.2% in full-year revenues, the same figure as recorded to end September.

The main highlights of the final quarter of 2006 were:

- Further decline in sales in several countries (including France, Spain, the USA and Japan), due to a combination of three factors:
  - Discontinuation of titles, especially in France, the USA and Japan. Titles shut down included Maximal and Zurban (France), For Me and Elle Girl (USA) and Premiere, Gentry and 30 Ans (Japan).
  - Segments/titles experiencing difficulties pending editorial repositioning, especially men's titles and Woman's Day.
  - Weak advertising spend by the auto industry in the USA, affecting auto titles.
- Acceleration of the already strong growth in emerging markets (Russia and China).
- Modest growth in Italy, for the first time this year.
- A repeat of good performances by new rollouts (Psychologies, Public) and established titles (such as Elle).
- Weakness in regional daily press circulation.

- **Hachette Distribution Services**

Hachette Distribution Services revenues rose by 1.9% on a like-for-like basis over the full year, slightly down on the 2.1% growth rate reported to end September.

On a reported basis, revenues fell by 2.5% due to the impact of the new AMP contract in Belgium (full-year impact: €173m) and the sale of German distributor Sarbach (full-year impact: €32m).

2006 fourth-quarter highlights included:

- An encouraging performance in France thanks to Relay and Aelia, where sales were lifted by a recovery in airport footfall. These results were achieved despite a poor November for Virgin, not entirely offset by healthy sales at the end of the year.
- Good growth in Eastern Europe and Asia.
- Sales in Spain still affected by new legislation on tobacco sales.
- Persistent weakness in press distribution (low contribution to operating margin) in Spain and Belgium.

- **Lagardere Active**

Lagardere Active revenues fell by 0.9% over the full year on a like-for-like basis (down 5.0% on a reported basis). This compares with a like-for-like fall of 3.5% in the 9 months to end September (a 2.8% fall on a reported basis).

There are two main reasons for this fall:

- A change in the consolidation method used for Cellfish, accounted for as an associate (equity method) since October 1, 2006, following the acquisition of a stake in the company by North American investors (in the fourth quarter of 2005, Cellfish reported revenues of €25m).
- Tough comparatives in TV Production and theme channels (Match TV).

2006 fourth-quarter growth was very encouraging.

Radio – Advertising revenues surged in the fourth quarter, propelling full-year organic growth to 6.6%, versus 5.2% to end September. The very strong growth reported in Eastern Europe during September continued at the same pace in the fourth quarter. RFM and Europe 1 also had an excellent year-end.

Television – As expected, TV Production ended the year down due to tough comparatives, with revenues 12.2% lower to end December against a 17.0% fall to end September. The fourth quarter marked the end of the decline. Theme channels (full-year revenues down 6.0%, versus an 11.7% fall to end September) were helped by the ending of the unfavorable comparative base caused by the shutdown of Match TV in the summer of 2005; the channels turned in good performances, especially Canal J, Gulli and Europe 2 TV.

Lagardere Active Broadband – Now that Cellfish is accounted for as an associate, this division makes only a marginal contribution.

- **Outlook**

2006 full-year Media Division revenues are in line with our expectations.

Over the period to end December, the Books, Distribution and Active divisions all beat our expectations, offsetting the current weakness of the Press division.

We can therefore confirm our previous guidance on full-year like-for-like growth in recurring EBIT before associates for the Media Division, which we expect to be in the “3%-7%” range, based on the same parameters:

- euro/dollar exchange rate of 1.25.
- excluding changes in Group structure.
- excluding the impact of investment in Digital Terrestrial Television licenses (-€7m in 2005, -€21m in 2006).

Early indications of key events and trends for 2007:

- Books: Larousse and Octopus are due to continue editorial refocusing over the first three quarters of the year, with no impact on recurring EBIT before associates. For the rest of the division, we expect current trends to continue, with the tough comparatives easing in Literature in France. Our French distribution activities will be boosted by the arrival of the university business, which until now had been retained by Editis.
- Magazines: current trends are expected to persist, with no significant change in the market currently foreseeable.
- Distribution: the new legislation on tobacco sales in Spain and the new AMP contract in Belgium will no longer have a negative effect on sales growth. Otherwise, we expect no significant change from 2006 trends at this stage.
- Lagardere Active: end of the tough comparatives in TV Production and theme channels, and impact of the shift of some retailers' advertising budgets from radio to TV. Introduction of a new fee scale for theme channels on the new Canal+ / TPS platform.
- Consolidation of the activities of Sportfive from January 2007.

## **EADS**

The revenues reported on the "**EADS**" line represent 14.98% of the revenues generated by the EADS Group (versus 14.95% in 2005).

The share of EADS revenues consolidated by Lagardère SCA rose by 15.5% over the full year to €5.90bn.

All divisions reported growth.

With revenues up 14% at €25.2bn, Airbus enjoyed record deliveries. Over 2006 as a whole, 434 aircraft were delivered, compared with 378 in 2005; the increase was mainly due to A320 family single-aisle jets. The 188% revenue growth in Military Transport Aircraft was driven mainly by advances in the A400M program, including a milestone billing initially scheduled for late 2005 and postponed to the first quarter of 2006.

Eurocopter was boosted by strong growth in deliveries, with 381 helicopters delivered in 2006 compared with 334 in 2005, helping to generate an 18% rise in revenues.

Astrium benefited from growth in production of the Ariane 5 launcher and from advances in new service activities to post 19% revenue growth.

**Paris, February 8, 2007**

*The Lagardère Group is a market leader in the media sector (books, distribution/retail, press and audiovisual). The Group also has interests in the high technology sector via a 14.98% stake in EADS.  
The reference market for Lagardère shares is Euronext Paris (Eurolist – compartment A).*

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